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RHMFIUU/HQ USCENCOM MACDILL AFB FL//CCJ2/CCJ5/CCJS//  
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RHMFISS/CJTF HOA  
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SIPDIS

STATE DEPARTMENT FOR A/S FRAZER, DAS AF JSWAN, AF/E, AF/PDPA, OES,  
A/S PRM SAUERBREY, AND PRM/AFR  
AFR/AA KALMQUIST, WWARREN, JBORNS, KNELSON, CTHOMPSON  
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LONDON, PARIS, ROME FOR AFRICA WATCHER  
CJTF-HOA AND USCENCOM FOR POLAD  
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NAIROBI FOR OFDA/ECARO GPLATT, RFFPO NCOX, USAID/EA  
ROME FOR AMBASSADOR, OHA, HSPANOS  
BRUSSELS FOR USEU PBROWN  
GENEVA FOR NKYLOH, RMA  
USUN FOR FSHANKS  
NSC FOR PMARCHAN

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TAGS: [EAID](#) [PHUM](#) [SENV](#) [EAGR](#) [PGOV](#) [ET](#)

REF: A) ADDIS 3644 B) ADDIS 0134 C) ADDIS 0233

SUBJECT: USG HUMANITARIAN ASSISTANCE TEAM: LIVESTOCK AND MARKET  
UPDATE

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SUMMARY  
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1. U.S. Government Humanitarian Assistance Team (USG HAT) in Ethiopia staff report concern regarding the ability of pastoralist populations to sell their livestock and purchase staple commodities as a result of ongoing movement and trade restrictions within the conflict-affected areas of Somali Region. USG HAT field assessments in Somali Region, including livestock markets and livestock watering points, indicate a substantial decrease in local trade. In addition, USG HAT staff note that livestock movement restrictions in parts of Somali Region undermine the health of livestock herds confronted with inadequate pasture and water availability.

2. However, USG HAT staff report that reduced trade within conflict-affected areas of Somali Region has not translated into reduced livestock export levels in neighboring Somaliland. As a result, USG HAT staff surmise that cross-border trade from conflict-affected areas of Somali Region to Somaliland is ongoing, although at great personal risk and at significantly reduced profit margins. However, USG HAT staff emphasize the need for closer examination of livestock trade conditions and obstacles within the conflict-affected areas of Somali Region to clarify reports of reduced internal livestock trade and data indicating no change in

external livestock market figures. In addition, USG HAT assessments and reports from humanitarian organizations operating in the region confirm lower livestock prices in the region. USG HAT staff note that declining terms of trade escalate asset depletion, undermine pastoralist livelihoods, and increase food insecurity. End Summary.

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INTERNAL COMMERCIAL AND LIVESTOCK TRADE REDUCTIONS  
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13. USG HAT staff note that reports of livestock movement and trade restrictions varied within the region. However, USG HAT staff report a reduction in local trade throughout conflict-affected areas. In some areas, pastoralists identified specific parameters of permitted movement, while in other areas pastoralists reported no restrictions and noted the onset of dry season migrations. Current insecurity has prevented comprehensive mapping and verification of restricted areas within the conflict-affected areas. During regional assessment visits, USG HAT observed only small livestock markets characterized by limited livestock sales. Pastoralists and non-governmental organization (NGO) staff also reported an absence of previously common livestock trucking operations to move animals to export ports.

14. In addition, USG HAT staff report limited availability and increased prices of commodities, up to two to three times pre-conflict levels, at rural markets. Traders consistently attributed the commodity situation to infrequent commercial deliveries. As reported in refTel ADDIS 0134 and 0233, commodity availability outside of major towns is very low due to restrictions that only permit commercial offloading to major towns and district capitals. In addition, delays associated with required military escorts and the use of alternate, longer trade routes to bypass

restricted areas have also contributed to increased food commodities prices in the region.

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EXTERNAL LIVESTOCK TRADE REMAINS CONSTANT  
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15. USG HAT staff report that reduced trade within conflict-affected areas of Somali Region has not translated into reduced livestock export levels in neighboring Somaliland, which is traditionally dependent on livestock from Somali Region for an estimated 70 percent of total livestock exports. Berbera and Bossaso ports in Somaliland represent the main livestock export markets in the region. USG HAT staff point out that if cross-border trade from Somali Region to Somaliland was blocked, export figures from Bossaso and Berbera ports would be expected to decline. However, FSAU data indicates no decline in 2007 export figures, and the number of sheep and goats exported prior to the main Muslim holiday Eid in December 2007 actually increased compared to 2006 levels. FSAU data did indicate a decrease in sales from April to June, corresponding to months of increased military activity within the five conflict-affected zones of Degehabur, Fik, Korhae, Gode, and Warder.

However, the decrease falls within the normal range for dry season sales. USG HAT staff note that a limited portion of export totals may be attributed to an increase of livestock from Djibouti to Berbera and Bossaso ports, following the reopening of the Saudi market to live animal trade in January 2006. However, USG HAT staff emphasize the need for closer examination of livestock trade conditions and obstacles within the conflict-affected areas of Somali Region to clarify reports of reduced internal livestock trade and data indicating no change in external livestock market figures.

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DECLINING TERMS OF TRADE INCREASE PASTORALIST VULNERABILITY  
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16. USG HAT staff report that the combined effect of reduced livestock sales and prices and an increased cost of commodities is negatively affecting pastoralist terms of trade and increasing livelihood insecurity. According to the Save the Children/UK (SC/UK) livelihoods profile for Korhae Zone, an average sheep or goat provides enough income to purchase 130 kilograms (kg) of cereal in a normal year. However, currently an average sheep or goat will

purchase only about 15 kg of wheat flour or 17 kg of rice. Similarly, in Gode Zone, the SC/UK livelihoods profile suggests that an average sheep or goat will provide enough income to purchase 70 kg of sorghum in a normal year. Currently, one sheep or goat will only purchase approximately 40 kg of food aid wheat or local maize. (Note: Sorghum was not available on the Gode market for comparison. End note.)

17. According to a U.N. Office for the Coordination of Humanitarian Affairs (OCHA) Somali Region report, only 36 percent of pastoralist household calorie intake is from milk and meat. The remainder comes from grains, sugar, tea, beans, pulses, and cooking fats, all of which must be purchased by pastoral families. The combined effect of limited commodity availability and increased commodity prices require pastoralists to sell more animals in order purchase staple foods. Terms of trade will continue to worsen as the dry season

progresses, livestock conditions decline, and basic commodity prices increase. At the same time, pastoralist asset depletion will increase through the increased sale, slaughtering, or loss of livestock to malnutrition or disease, leading to increased livelihood insecurity and population vulnerability among pastoralists.

#### ----- STRESS MIGRATION -----

18. USG HAT staff note abnormal pastoralist migration patterns within conflict-affected areas of Somali Region, where populations are confronting the onset of the dry season, exacerbated by the poor performance of the 2007 rains and disruptions to normal routes, resulting from ongoing insecurity. USAID's Famine Early Warning System Network (FEWS NET) reports migration movement along the Wabishebele River up to Babile Zone, Oromiya Region, in addition to movement in the southern corridor through Afder Zone and into Bale Zone, Oromiya Region. However, USG HAT staff note cross-border trade into Somalia does not appear to be significantly affected. U.N. agencies and NGOs operating in the region attribute ongoing cross-border trade to high-risk, clandestine trade and the use of alternate, extended trade routes.

19. Local NGO staff operating in Somali Region report that the Ethiopia National Defense Forces (ENDF) is focusing on camel movement and trade within conflict-affected areas of Somali Region, due to the perception that camels are being used to sustain and support the Ogaden National Liberation Forces (ONLF). Camel milk is high in nutrients and can sustain adult populations. Local residents report that camel herders risk military reprisals if detained by the ENDF. As a result, pastoralists are keeping camels close to towns in large numbers, which is rapidly depleting available resources in these areas.

#### ----- CONCERNS AND RECOMMENDATIONS -----

10. Livestock movement restrictions within the conflict-affected areas of Somali Region are exacerbating the impact of the poor performance of the 2007 rains on available browse and water resources, undermining livestock health and pastoralist livelihoods.

Restrictions and the resulting depletion of limited browse and water resources will increasingly negatively affect animal health in the coming weeks and months, especially if the April gu rains do not perform well, as predicted by FEWS NET. USG HAT staff recommend continued monitoring of livestock health and nutrition during the duration of the current dry season through March 2007 and longer if the April rains are poor. In addition, USG HAT emphasize that need for continued advocacy to ease livestock movement restrictions in order to protect pastoralist livelihoods in the region.

11. Worsening terms of trade, particularly with regard to cereals and grains, indicate a strong likelihood that both adults and children may face serious food shortages as the dry season progresses and milk availability declines. USG HAT staff recommend careful monitoring of nutrition indicators in the coming weeks and

months, particularly among the elderly and pregnant and lactating

women, to identify vulnerable populations and inform appropriate response efforts.

¶12. To address the limited availability and increased prices of staple commodities within the conflict-affected areas of Somali Region requires improvements in both access and availability. Although USG HAT staff note limited improvement in commercial access in the region since September 2007, USG HAT staff emphasize that the opening of trade routes is necessary to prevent a serious decline in humanitarian conditions, including rural areas. In addition, USG HAT staff note that an increase in the number and predictability of required military convoys to accompany commercial traffic would significantly facilitate the movement of goods into the region, improving the availability and reducing the price of staple commodities.

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